

Auditing Procedures Report V1.04

Reset Form

Email

Issued under Public Act 2 of 1968, as amended.

| | | | | | | | |
|---------------------------|----------------|------------------------------|--------------|---------------------------|----------|----------|----------|
| Unit Name | WELLS TOWNSHIP | County | TUSCOLA | Type | TOWNSHIP | MuniCode | 79-1-220 |
| Opinion Date-Use Calendar | Jun 25, 2008 | Audit Submitted-Use Calendar | Aug 11, 2008 | Fiscal Year-Use Drop List | 2008 | | |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- ☒ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ 5. Did the local unit adopt a budget for all required funds?
- ☒ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

| | |
|----------------------------|---------------|
| General Fund Revenue: | \$ 224,910.00 |
| General Fund Expenditure: | \$ 181,688.00 |
| Major Fund Deficit Amount: | \$ 0.00 |

| | |
|--|---------------|
| General Fund Balance: | \$ 203,015.00 |
| Governmental Activities Long-Term Debt (see instructions): | \$ 76,648.00 |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

| | | | | | | | | | |
|--------------------|---------------------------|-----------------------|----------------|--------------------------|------|----------|------------|-----------|-------------------|
| CPA (First Name) | GARY | Last Name | ANDERSON | Ten Digit License Number | | | 1101005446 | | |
| CPA Street Address | 715 E FRANK ST | City | CARO | State | MI | Zip Code | 48723 | Telephone | +1 (989) 673-3137 |
| CPA Firm Name | ANDERSON, TUCKEY, BERNARD | Unit's Street Address | 715 E FRANK ST | City | CARO | LU Zip | 48723 | | |

TOWNSHIP OF WELLS
Tuscola County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
March 31, 2008

TOWNSHIP OF WELLS
Tuscola County, Michigan
Annual Financial Statements
and Auditor's Report

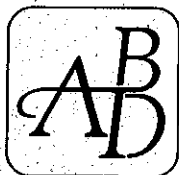
March 31, 2008

TOWNSHIP BOARD

| | |
|------------|---------------------|
| Supervisor | Melvin L. Witkovsky |
| Treasurer | Joanne Burda |
| Clerk | Karen Varney |
| Trustee | Richard Witkovsky |
| Trustee | Curt Diver |

TABLE OF CONTENTS

| | <u>PAGE NUMBER</u> |
|--|--------------------|
| REPORT OF INDEPENDENT AUDITORS | |
| MANAGEMENT DISCUSSION AND ANALYSIS | i - vi |
| BASIC FINANCIAL STATEMENTS | |
| <i>Statement of Net Assets</i> | 1 |
| <i>Statement of Activities</i> | 2 |
| <i>Balance Sheet - Governmental Funds</i> | 3 |
| <i>Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds</i> | 4 |
| <i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</i> | 5 |
| <i>Statement of Fiduciary Assets and Liabilities</i> | 6 |
| <i>Notes to Financial Statements</i> | 7 - 14 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| <i>Budgetary Comparison Schedule - General Fund Revenues</i> | 15 |
| <i>Budgetary Comparison Schedule - General Fund Expenditures</i> | 16 |
| <i>Budgetary Comparison Schedule - Road Fund</i> | 17 |
| <i>Budgetary Comparison Schedule - Garbage Fund</i> | 18 |
| ADDITIONAL INFORMATION | |
| <i>Current Tax Collection Fund:</i> | |
| <i>Schedule of Changes in Assets & Liabilities</i> | 19 |



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

June 25, 2008

Robert L. Tuckey, CPA

REPORT OF INDEPENDENT AUDITORS

Members of the Township Board
Township of Wells
Tuscola County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Wells as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Wells management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of March 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Wells as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages i through vi and 15 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Members of the Township Board
June 25, 2008

Our audit conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Wells' basic financial statements. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Wells Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Township of Wells

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

As management of the Township of Wells, we offer readers of the Township of Wells's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. We expect this situation to continue because small townships are only required to have an audit every other year.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$492,305 (net assets). Of this amount, \$351,121 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$51,176.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$351,121, an increase of \$48,871 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$126,015, or 69 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Township of Wells

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 4 and 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 7 through 14 of this report.

Township of Wells

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 15 through 18 of this report.

Government-wide Financial analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$492,305 at the close of the most recent fiscal year.

A large portion of the Township's net assets (24 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Township of Wells' Net Assets

| | Governmental activities <u>March 31, 2008</u> |
|----------------------------|---|
| Current and other assets | \$ 379,952 |
| Capital assets | <u>217,832</u> |
| Total assets | <u>597,784</u> |
| Current liabilities | 36,716 |
| Long Term Liabilities | <u>68,763</u> |
| Total Liabilities | <u>105,479</u> |
| Net assets: | |
| Invested in capital assets | 141,184 |
| Unrestricted | <u>351,121</u> |
| Total net assets | <u>\$ 492,305</u> |

Township of Wells
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2008

Governmental activities. Governmental activities increased the Township's net assets by \$51,176. Key elements of this increase are as follows:

Township of Wells' Changes in Net Assets

| | <u>Governmental activities</u> <u>March 31, 2008</u> |
|-------------------------------|---|
| Revenues | |
| Program revenues | |
| Charges for services | \$ 100,754 |
| General revenues | |
| Property taxes | 133,147 |
| State sources | 137,693 |
| Investment earnings | 6,508 |
| Other | <u>19,145</u> |
| Total revenues | <u>397,247</u> |
| Expenses | |
| Legislative | 5133 |
| General government | 71,554 |
| Public safety | 30,544 |
| Public works | 63,410 |
| Roads | 76,985 |
| Refuse Collection Operations | 89,703 |
| Cultural and recreational | 250 |
| Depreciation | <u>8,492</u> |
| Total expenses | <u>346,071</u> |
| Increase in net assets | 51,176 |
| Net assets, beginning of year | <u>441,129</u> |
| Net assets, end of year | <u><u>492,305</u></u> |

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Township of Wells

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$203,015. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 112 percent of total general fund expenditures.

The fund balance of the Township's general fund increased by \$43,222 during the current fiscal year.

General Fund Budgetary Highlights

The final amended budget was changed from the original budget. The individual changes were all under \$2,500.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2008, amounts to \$217,832 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment, and office equipment and furniture.

Major capital asset events during the current fiscal year included the following:

Township of Wells' Capital Assets (net of depreciation)

| | <u>Governmental activities</u> <u>March 31, 2008</u> |
|---------------------------|---|
| Land | 1,306 |
| Building and improvements | 197,251 |
| Machinery and equipment | 19,275 |
| | <u>\$ 217,832</u> |

Additional information on the Township's capital assets can be found in Note 4 on page 12 of this report.

Township of Wells

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Economic Factors and Next Year's Budgets and Rates

Township of Wells goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Wells Township, 2190 Frankford Road, Caro, Michigan 48723.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WELLS, TUSCOLA COUNTY
STATEMENT OF NET ASSETS
March 31, 2008

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|---|
| <u>ASSETS</u> | |
| CURRENT ASSETS | |
| Cash | \$ 226,868 |
| Road Millage Savings | 127 |
| Taxes Receivable | <u>152,957</u> |
| TOTAL CURRENT ASSETS | 379,952 |
| CAPITAL ASSETS | |
| Land | 1,306 |
| Capital assets, net of accumulated depreciation | <u>216,526</u> |
| TOTAL CAPITAL ASSETS | <u>217,832</u> |
| TOTAL ASSETS | <u>\$ 597,784</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| LIABILITIES | |
| Accounts Payable | \$ 28,831 |
| Notes Payable - Current | <u>7,885</u> |
| Total Current Liabilities | 36,716 |
| Notes Payable - Long-term | <u>68,763</u> |
| TOTAL LIABILITIES | <u>105,479</u> |
| NET ASSETS | |
| Invested in Capital Assets, net of related debt | 141,184 |
| Unrestricted | <u>351,121</u> |
| TOTAL NET ASSETS | <u>492,305</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 597,784</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

| <u>Functions/programs</u> | <u>Expenses</u> | <u>Program revenues</u> | | <u>Net (expense)</u> <u>revenue and changes</u> <u>in net assets</u> |
|-------------------------------|-------------------|---------------------------------------|--|--|
| | | <u>Charges for</u> <u>services</u> | | <u>Total</u> <u>governmental</u> <u>activities</u> |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Legislative | \$ 5,133 | | | \$ (5,133) |
| General Government | 71,554 | \$ 7,120 | | (64,434) |
| Public Safety | 30,544 | | | (30,544) |
| Public Works | 63,410 | | | (63,410) |
| Roads | 76,985 | | | (76,985) |
| Refuse Collection Operations | 89,703 | 93,634 | | 3,931 |
| Recreation & Culture | 250 | | | (250) |
| Depreciation | 8,492 | | | (8,492) |
| Total governmental activities | <u>\$ 346,071</u> | <u>\$ 100,754</u> | | <u>(245,317)</u> |
| General revenues: | | | | |
| Taxes | | | | \$ 133,147 |
| State Revenue Sharing | | | | 137,693 |
| Interest | | | | 6,508 |
| Fire Refunds | | | | 6,720 |
| Metro | | | | 4,295 |
| Other | | | | 8,130 |
| Total general revenues | | | | <u>296,493</u> |
| Change in net assets | | | | 51,176 |
| Net assets, beginning of year | | | | <u>441,129</u> |
| Net assets, end of year | | | | <u>\$ 492,305</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2008

| | | <u>SPECIAL REVENUE</u> | | |
|---|--------------------------|-------------------------|-------------------------|---------------------------------|
| | <u>GENERAL</u> | <u>ROAD FUND</u> | <u>GARBAGE FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 170,726 | | \$ 56,142 | \$ 226,868 |
| Road Millage Savings | | \$ 127 | | 127 |
| Due from other funds | 61,120 | 73,589 | 18,248 | 152,957 |
| TOTAL ASSETS | <u>\$ 231,846</u> | <u>\$ 73,716</u> | <u>\$ 74,390</u> | <u>\$ 379,952</u> |
| <u>LIABILITIES & FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 28,831 | | | \$ 28,831 |
| TOTAL LIABILITIES | 28,831 | - | - | 28,831 |
| Fund Balance: | | | | |
| Reserved for Debt Repayment | 77,000 | | | 77,000 |
| Designated | | \$ 73,716 | \$ 74,390 | 148,106 |
| Undesignated | 126,015 | | | 126,015 |
| TOTAL FUND BALANCES | 203,015 | 73,716 | 74,390 | 351,121 |
| TOTAL LIABILITIES & FUND BALANCES | <u>\$ 231,846</u> | <u>\$ 73,716</u> | <u>\$ 74,390</u> | <u>\$ 379,952</u> |
| Total governmental fund balances | | | | \$ 351,121 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | | | |
| Cost of capital assets | | | 253,249 | |
| Less accumulated depreciation | | | <u>(35,417)</u> | |
| | | | | 217,832 |
| Long term liabilities are not due and payable in the current period and are not reported in the funds | | | | |
| Notes payable | | | | <u>(76,648)</u> |
| Net assets of governmental activities | | | | <u>\$ 492,305</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008

| | <u>SPECIAL REVENUE</u> | | | <u>TOTAL</u> |
|---|------------------------|------------------|------------------|---------------------|
| | <u>GENERAL</u> | <u>ROAD</u> | <u>GARBAGE</u> | <u>GOVERNMENTAL</u> |
| | <u>FUND</u> | <u>FUND</u> | <u>FUND</u> | <u>FUNDS</u> |
| REVENUES: | | | | |
| Taxes | \$ 59,557 | \$ 73,590 | | \$ 133,147 |
| State Revenue Sharing | 137,693 | | | 137,693 |
| Cemetery Revenue | 6,300 | | | 6,300 |
| Interest | 5,690 | 516 | \$ 302 | 6,508 |
| Fire Refunds | 6,720 | | | 6,720 |
| Land Division Permits | 250 | | | 250 |
| Metro | - | 4,295 | | 4,295 |
| Refuse collection assessments | - | | 93,634 | 93,634 |
| Zoning Permits | 570 | | | 570 |
| Other | 8,130 | | | 8,130 |
| TOTAL REVENUES | <u>224,910</u> | <u>78,401</u> | <u>93,936</u> | <u>397,247</u> |
| EXPENDITURES: | | | | |
| Legislative | 5,133 | | | 5,133 |
| General Government | 82,351 | | | 82,351 |
| Public Safety | 30,544 | | | 30,544 |
| Public Works | 63,410 | | | 63,410 |
| Road Construction | - | 76,985 | | 76,985 |
| Refuse Collection Operations | - | | 89,703 | 89,703 |
| Recreation & Culture | 250 | | | 250 |
| TOTAL EXPENDITURES | <u>181,688</u> | <u>76,985</u> | <u>89,703</u> | <u>348,376</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>43,222</u> | <u>1,416</u> | <u>4,233</u> | <u>48,871</u> |
| FUND BALANCE - APRIL 1 | <u>159,793</u> | <u>72,300</u> | <u>70,157</u> | <u>302,250</u> |
| FUND BALANCE - MARCH 31 | <u>\$ 203,015</u> | <u>\$ 73,716</u> | <u>\$ 74,390</u> | <u>\$ 351,121</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|-------------------------|
| Net change in fund balances - total governmental funds | \$ 48,871 |
| Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation: | |
| Depreciation expense | (8,492) |
| Capital outlay | 3,295 |
| Gain (loss) on disposal of fixed assets | - |
| Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities) | <u>7,502</u> |
| Change in net assets of governmental activities | <u><u>\$ 51,176</u></u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
March 31, 2008

| | <u>Current Tax Collection Fund</u> |
|---------------------------|--|
| <u>ASSETS</u> | |
| Cash | \$ 113,183 |
| Taxes receivable | <u>180,479</u> |
| TOTAL ASSETS | <u>\$ 293,662</u> |
| <u>LIABILITIES</u> | |
| Due to other funds | \$ 152,957 |
| Due to other taxing units | <u>140,705</u> |
| TOTAL LIABILITIES | <u>\$ 293,662</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Wells, Tuscola County, Michigan covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board (5 members) and provides services to its more than 1,500 residents in many areas including public works, public safety, community enrichment and development and human services.

The financial statements of the Township of Wells have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The U.S. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2008, the Township adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, and amendment to GASB No. 21 and No. 34, issued June 2001, and in GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The schedule below shows beginning net assets restated for the effects of implementation of GASB Statement No. 34:

| | |
|---|------------------|
| Fund Balance at March 31, 2007 – governmental funds | \$302,250 |
| Long-term liabilities (restated) | (84,150) |
| Net capital assets (restated) | <u>223,029</u> |
| Restated net assets – April 1, 2007 | <u>\$441,129</u> |

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the general purpose financial statements of the Township of Wells contain all the funds and account groups controlled by the Township's Board as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurrent, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is a special revenue fund. It is used to account for the Township road tax levy.

The Garbage Fund is a special revenue fund. It is used to account for the Township's garbage special assessment revenues.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):

Also, the government reports as fiduciary funds, the Tax Collection Fund (agency fund).

The Agency Fund is utilized to account for the Township's collections of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

D. ASSETS, LIABILITIES, AND NET ASSETS:

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. ASSETS, LIABILITIES, AND NET ASSETS (Continued):

3. Receivables

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

4. Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|-------------|
| Buildings and improvements | 20-50 years |
| Machinery and equipment | 5-7 years |

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 2 – LEGAL COMPLIANCE – BUDGETS:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to February 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 3 – DEPOSITS AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS(Continued):

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$340,178 of the Township's bank balance of \$183,908 was exposed to custodial credit risk because it was uninsured and uncollateralized. The amount on the books is \$340,178.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no Category 1, 2, or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2008 are composed of the following:

| | <u>CASH AND CASH EQUIVALENTS</u> | <u>INVESTMENTS</u> | <u>RESTRICTED ASSETS</u> |
|---------------------|---|---------------------------|-------------------------------------|
| Governmental Funds: | | | |
| General Fund | \$170,726 | | |
| Road Fund | 127 | | |
| Garbage Fund | <u>56,142</u> | <u>NONE</u> | <u>NONE</u> |
| Subtotal | 226,995 | | |
| Fiduciary Funds: | | | |
| Tax Collection Fund | <u>113,183</u> | <u>NONE</u> | <u>NONE</u> |
| TOTAL | <u>\$340,178</u> | <u>NONE</u> | <u>NONE</u> |

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 4 – CHANGES IN CAPITAL ASSETS:

The general fixed assets of the Township consist of the following:

| | <u>BALANCE APRIL 1, 2007</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE MARCH 31, 2008</u> |
|----------------------------------|---|-------------------------|-------------------------|--|
| GENERAL GOVERNMENT | | | | |
| Land | \$ 1,306 | | | \$ 1,306 |
| Building | 208,001 | | | 208,001 |
| Equipment | <u>40,647</u> | <u>\$ 3,295</u> | <u>-</u> | <u>43,942</u> |
| Total | 249,954 | 3,295 | - | 253,249 |
| Less accumulated Depreciation | <u>(26,925)</u> | <u>(8,492)</u> | <u>-</u> | <u>(35,417)</u> |
| ASSETS | <u>\$223,029</u> | <u>\$ (5,197)</u> | <u>\$ -</u> | <u>217,832</u> |

NOTE 5 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2008 are as follows:

| <u>FUND</u> | <u>DUE FROM OTHER FUNDS</u> | <u>DUE TO OTHER FUNDS</u> |
|-----------------------------|--|--------------------------------------|
| Road Fund | \$ 73,589 | |
| General Fund | 61,120 | |
| Current Tax Collection Fund | - | \$152,957 |
| Garbage Fund | <u>18,248</u> | <u>-</u> |
| TOTAL | <u>\$152,957</u> | <u>\$152,957</u> |

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6- TOWNSHIP HALL NOTE PAYABLE:

The Township borrowed \$191,481 from Community Bank. The loan interest rate is 5%. The loan was signed on March 14, 2006. On April 3, 2006 a certificate of deposit matured and the Township applied \$101,300 to the loan. A new loan was signed for \$90,705 with monthly payments of \$961.57 for 120 months. The estimated repayment schedule is as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-------|------------------|-----------------|
| 2009 | \$ 7,885 | \$ 3,653 |
| 2010 | 8,289 | 3,250 |
| 2011 | 8,713 | 2,826 |
| 2012 | 9,159 | 2,380 |
| 2013 | 9,627 | 1,911 |
| 2014 | 10,120 | 1,419 |
| 2015 | 10,638 | 901 |
| 2016 | <u>12,217</u> | <u>357</u> |
| Total | <u>\$76,648</u> | <u>\$16,697</u> |

NOTE 7 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1 and December 1. Taxes are levied on July 1 and December 1 and are due in September and February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year which includes the December 1 levy date. The Township levied a general millage of 1.2358 mills and a special road millage of 1.9296. In addition, the Township collected the State Education Tax and the County Tax which were levied July 1 and due September 15.

The Township participates in the Tuscola County Delinquent Tax Fund, which purchases all of the uncollected property tax of the Township each year. The Township receives settlement with the County for all uncollected real estate taxes. On this basis, the full amount of the taxes levied is accrued as income in the year levied.

NOTE 8 – EMPLOYEE BENEFITS:

The Township pays no employee benefits.

NOTE 9 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. For insured programs, there have been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WELLS, TUSCOLA COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND REVENUES
FOR THE YEAR ENDED MARCH 31, 2008

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE - FAVORABLE (UNFAVORABLE)</u> |
|---|----------------------------|--------------------------|--------------------------|---|
| Taxes: | | | | |
| Current Property Taxes and Fees | \$ 57,305 | \$ 57,305 | \$ 59,557 | \$ 2,252 |
| Delinquent Taxes and Fees | | - | - | - |
| Total Taxes | <u>57,305</u> | <u>57,305</u> | <u>59,557</u> | <u>2,252</u> |
| Intergovernmental Revenues: | | | | |
| State Revenue Sharing | <u>130,000</u> | <u>130,000</u> | <u>137,693</u> | <u>7,693</u> |
| Other Revenue: | | | | |
| Cemetery Revenue | 2,400 | 2,400 | 6,300 | 3,900 |
| Interest | 2,500 | 2,500 | 5,690 | 3,190 |
| Fire Refunds | 5,000 | 5,000 | 6,720 | 1,720 |
| Land Division Permits | 500 | 500 | 250 | (250) |
| Zoning Permits | 250 | 250 | 570 | 320 |
| Miscellaneous | <u>4,000</u> | <u>4,000</u> | <u>8,130</u> | <u>4,130</u> |
| Total other revenue | <u>14,650</u> | <u>14,650</u> | <u>27,660</u> | <u>13,010</u> |
| TOTAL REVENUES & OTHER FINANCING SOURCES | <u><u>\$ 201,955</u></u> | <u><u>\$ 201,955</u></u> | <u><u>\$ 224,910</u></u> | <u><u>\$ 22,955</u></u> |

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2008

| | <u>ORIGINAL BUDGET</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE - FAVORABLE (UNFAVORABLE)</u> |
|---|----------------------------|------------------|------------------|---|
| Legislative: | | | | |
| Township Board | \$ 6,833 | \$ 6,833 | \$ 5,133 | \$ 1,700 |
| General Government: | | | | |
| Township Supervisor | 8,016 | 8,016 | 7,768 | 248 |
| Treasurer | 16,308 | 16,308 | 14,975 | 1,333 |
| Clerk | 12,208 | 12,208 | 11,245 | 963 |
| Board of Appeals | 450 | 450 | 170 | 280 |
| Board of Review | 1,260 | 1,260 | 918 | 342 |
| Payroll Taxes | 5,000 | 5,000 | 3,443 | 1,557 |
| Zoning Administrator | 3,470 | 3,470 | 3,470 | 0 |
| Cemetery Operations | 8,020 | 8,020 | 7,386 | 634 |
| Assessor | 7,594 | 7,594 | 6,035 | 1,559 |
| Planning Commission | 1,400 | 1,400 | 695 | 705 |
| Buildings & Grounds | 18,900 | 18,900 | 11,854 | 7,046 |
| Debt Retirement: | | | | |
| Principal | 7,510 | 7,510 | 7,502 | 8 |
| Interest | 4,040 | 4,040 | 4,037 | 3 |
| Other General Government | 5,930 | 5,930 | 2,853 | 3,077 |
| Total General Government | 100,106 | 100,106 | 82,351 | 17,755 |
| Public Safety: | | | | |
| Fire Protection | 35,000 | 35,000 | 30,544 | 4,456 |
| Total Public Safety | 35,000 | 35,000 | 30,544 | 4,456 |
| Public Works: | | | | |
| Road Maintenance & Construction | 120,700 | 120,700 | 62,548 | 58,152 |
| Special Road Millage | | | - | - |
| Drain-at-Large | 10,000 | 10,000 | 862 | 9,138 |
| Total Public Works | 130,700 | 130,700 | 63,410 | 67,290 |
| Recreation and Culture: | | | | |
| Library | 250 | 250 | 250 | - |
| TOTAL EXPENDITURES | <u>\$ 272,889</u> | <u>\$272,889</u> | 181,688 | <u>\$ 91,201</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) | | | 43,222 | |
| FUND BALANCE - APRIL 1 | | | <u>159,793</u> | |
| FUND BALANCE - MARCH 31 | | | <u>\$203,015</u> | |

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED MARCH 31, 2008

| | <u>ORIGINAL BUDGET</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE- FAVORABLE (UNFAVORABLE)</u> |
|---|----------------------------|-----------------|-----------------|--|
| REVENUES: | | | | |
| Taxes - current | \$70,711 | \$70,711 | \$73,590 | \$ 2,879 |
| Taxes - delinquent | | | | - |
| Metro | 4,200 | 4,200 | 4,295 | 95 |
| Interest | 150 | 150 | 516 | 366 |
| TOTAL REVENUES | <u>75,061</u> | <u>75,061</u> | <u>78,401</u> | <u>3,340</u> |
| EXPENDITURES: | | | | |
| Road construction | <u>76,000</u> | <u>76,985</u> | <u>76,985</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>76,000</u> | <u>76,985</u> | <u>76,985</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>(939)</u> | <u>(1,924)</u> | <u>1,416</u> | <u>3,340</u> |
| FUND BALANCE - APRIL 1, 2007 | <u>72,300</u> | <u>72,300</u> | <u>72,300</u> | <u>-</u> |
| FUND BALANCE - MARCH 31, 2008 | <u>\$ 71,361</u> | <u>\$70,376</u> | <u>\$73,716</u> | <u>\$ 3,340</u> |

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GARBAGE FUND
YEAR ENDED MARCH 31, 2008

| | <u>ORIGINAL BUDGET</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE- FAVORABLE (UNFAVORABLE)</u> |
|--|----------------------------|------------------|------------------|--|
| REVENUES: | | | | |
| Special assessments | \$ 111,768 | \$ 111,768 | \$ 93,634 | \$ (18,134) |
| Interest | 250 | 250 | 302 | 52 |
| TOTAL REVENUES | <u>112,018</u> | <u>112,018</u> | <u>93,936</u> | <u>(18,082)</u> |
| EXPENDITURES: | | | | |
| Contractor | 91,440 | 91,440 | 89,587 | 1,853 |
| Refunds | 250 | 250 | - | 250 |
| Printing and Publishing | 250 | 250 | 116 | 134 |
| TOTAL EXPENDITURES | <u>91,940</u> | <u>91,940</u> | <u>89,703</u> | <u>2,237</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>20,078</u> | <u>20,078</u> | <u>4,233</u> | <u>(15,845)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES | <u>20,078</u> | <u>20,078</u> | <u>4,233</u> | <u>(15,845)</u> |
| FUND BALANCE - APRIL 1, 2007 | <u>70,157</u> | <u>70,157</u> | <u>70,157</u> | |
| FUND BALANCE - MARCH 31, 2008 | <u>\$ 90,235</u> | <u>\$ 90,235</u> | <u>\$ 74,390</u> | <u>\$ (15,845)</u> |

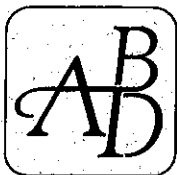
See the accompanying notes.

ADDITIONAL INFORMATION

TOWNSHIP OF WELLS, TUSCOLA COUNTY
CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2008

| | <u>BALANCE</u> <u>APRIL 1,</u> <u>2007</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u> |
|---------------------------------|---|----------------------------|----------------------------|--|
| <u>ASSETS</u> | | | | |
| Cash in Bank | \$ 107,131 | \$ 1,269,864 | \$ 1,263,812 | \$ 113,183 |
| Taxes Receivable | 189,483 | | 9,004 | 180,479 |
| <i>TOTAL ASSETS</i> | <u>\$ 296,614</u> | <u>\$ 1,269,864</u> | <u>\$ 1,272,816</u> | <u>\$ 293,662</u> |
| <u>LIABILITIES</u> | | | | |
| Due to General Fund | \$ 58,917 | \$ 57,352 | \$ 59,555 | \$ 61,120 |
| Due to Garbage Fund | 18,883 | 93,901 | 93,266 | 18,248 |
| Due to Road Fund | 70,710 | 70,710 | 73,589 | 73,589 |
| Due to other taxing units | 148,104 | 1,050,853 | 1,043,454 | 140,705 |
| <i>TOTAL LIABILITIES</i> | <u>\$ 296,614</u> | <u>\$ 1,272,816</u> | <u>\$ 1,269,864</u> | <u>\$ 293,662</u> |

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

June 25, 2008

To the Members of the Board
Township of Wells

We have audited the financial statements of the governmental activities, and the major fund of the Township of Wells for the year ended March 31, 2008 and have issued our report thereon dated June 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 25, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 25, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Wells are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Wells changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjustments have been given to management.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

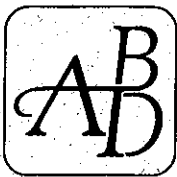
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Wells and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

June 25, 2008

To the Board of Township of Wells:

In planning and performing our audit of the financial statements of Township of Wells as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Wells' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Financial Statements

After considering the qualifications of the accounting personnel of Township of Wells, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Members of the Board
June 25, 2008
Page 2

This communication is intended solely for the information and use of management, Township of Wells, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants